

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana

Annual Financial Statements

December 31, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 03 2014

Contents

Independent Auditor's Report	1 - 2
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Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	4
Statement of Activities	5

Fund Financial Statements

Governmental Funds

Balance Sheet	7
Statement of Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9

Notes to Financial Statements	10 - 19
--------------------------------------	----------------

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Judicial Expense General Fund	21
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Juvenile Drug Court Program Special Revenue Fund	22
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Child Support Special Revenue Fund	23
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Adult Drug Court Program Special Revenue Fund	24

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25 - 26
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LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

Independent Auditor's Report

To the Chief Judge and Judges
of the Twenty-Second Judicial District Court
Washington, St. Tammany Parishes, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Second Judicial District Court (the Court), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Twenty-Second Judicial District Court as of December 31, 2013, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information beginning on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2014, on our consideration of the Twenty-Second Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



A Professional Accounting Corporation

Covington, LA
May 13, 2014

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Statement of Net Position
December 31, 2013

	Governmental Activities
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 5,244,072
Receivables	301,221
Capital Assets (Net of Accumulated Depreciation)	<u>139,490</u>
Total Assets	<u>5,684,783</u>
Liabilities	
Accounts Payable	530,704
Compensated Absences	<u>45,652</u>
Total Liabilities	<u>576,356</u>
Net Position	
Net Investment in Capital Assets	139,490
Restricted	261,490
Unrestricted	<u>4,707,447</u>
Total Net Position	<u>\$ 5,108,427</u>

The accompanying notes are an integral part of these financial statements.

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Statement of Activities
For the Year Ended December 31, 2013

	Governmental Activities
Program Expenses	
Public Safety - Court System	
Salaries and Related Benefits	\$ 1,879,230
Contractual Services	1,904,940
Materials and Supplies	203,452
Lodging and Registration Fees	118,009
Intergovernmental Support	22,000
Depreciation	59,683
Total Program Expenses	<u>4,187,314</u>
Program Revenues	
Operating Grants and Contributions	1,378,182
Charges for Services	<u>383,607</u>
Net Program Expense	<u>2,425,525</u>
General Revenues and Special Items	
Judicial Fees (Excluding Drug Screen Fees)	1,503,033
Court Revenues	320,702
Other	172,248
Interest Income	5,486
Special Item - Loss on Sale of Fixed Assets	<u>(9,213)</u>
Total General Revenues and Special Items	<u>1,992,256</u>
Decrease in Net Position	(433,269)
Net Position, Beginning of Year	<u>5,541,696</u>
Net Position, End of Year	<u><u>\$ 5,108,427</u></u>

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Balance Sheet
Governmental Funds
December 31, 2013

	<u>General Fund</u>		<u>Special Revenue Funds</u>			
	Judicial Expense Fund	Juvenile Drug Court Program Fund	Child Support Fund	Adult Drug Court Program Fund	Total Governmental Funds	
Assets						
Cash and Cash Equivalents	\$ 4,818,521	\$ 21,404	\$ 276,230	\$ 127,917	\$ 5,244,072	
Receivables	145,695	5,448	55,909	94,169	301,221	
Due from Other Court Funds	12,656	111	2,484	17,092	32,343	
Total Assets	\$ 4,976,872	\$ 26,963	\$ 334,623	\$ 239,178	\$ 5,577,636	
Liabilities						
Accounts Payable	\$ 223,662	\$ 7,387	\$ 107,023	\$ 192,632	\$ 530,704	
Due to Other Court Funds	111	19,576	545	12,111	32,343	
Total Liabilities	223,773	26,963	107,568	204,743	563,047	
Fund Balances						
Restricted	-	-	227,055	34,435	261,490	
Unassigned	4,753,099	-	-	-	4,753,099	
Total Fund Balances	4,753,099	-	227,055	34,435	5,014,589	
Total Liabilities and Fund Balances	\$ 4,976,872	\$ 26,963	\$ 334,623	\$ 239,178		

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 139,490

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated Absences (45,652)

Net Position of Governmental Activities \$ 5,108,427

The accompanying notes are an integral part of these financial statements.

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General Fund	Special Revenue Funds			
	Judicial Expense Fund	Juvenile Drug Court Program Fund	Child Support Fund	Adult Drug Court Program Fund	Total Governmental Funds
Revenues					
Court Revenues					
Court Cost	\$ 107,911	\$ -	\$ -	\$ 14,371	\$ 122,282
Civil Cases	118,958	-	-	-	118,958
Bail Bond Fees	79,462	-	-	-	79,462
Judicial Fees					
Probation Fees	789,992	-	-	-	789,992
Court Ordered Payments	80,669	-	632,372	-	713,041
Drug Screens	170,695	913	-	211,999	383,607
Other Revenues					
State Grants	-	8,285	-	1,158,722	1,167,007
Federal Grants	-	32,901	-	178,274	211,175
Other Revenues	118,884	-	-	53,364	172,248
Interest Earned	4,982	-	303	201	5,486
Total Revenues	1,471,553	42,099	632,675	1,616,931	3,763,258
Expenditures					
Public Safety - Court System					
Salaries and Related Benefits	853,872	17,347	571,361	433,343	1,875,923
Contractual Services					
Evaluation/Testing/Treatment	45,510	22,418	-	1,159,269	1,227,197
Legal and Professional Fees	108,278	2,000	4,200	9,600	122,076
Youth Service Bureau/CASA	78,924	-	-	-	78,924
Drug Screens	77,159	-	-	-	77,159
22nd JDC Public Defender	-	-	75,000	-	75,000
Contract Labor	69,848	-	1,746	-	71,594
Deputy Detail	12,690	-	-	45,006	57,696
Other	20,537	-	5,853	20,153	46,543
Rent	-	-	-	42,600	42,600
Insurance	31,555	-	2,588	7,915	42,058
Utilities	16,461	-	-	21,865	38,326
Court Reporters	25,767	-	-	-	25,767
Materials and Supplies	178,154	-	3,362	21,936	203,452
Lodging and Registration Fees	61,800	3,336	11,743	41,130	118,009
Capital Outlays	24,549	-	1,136	-	25,685
Intergovernmental Support	22,000	-	-	-	22,000
Total Expenditures	1,625,102	45,101	676,989	1,802,817	4,150,009
Deficiency of Revenues Over Expenditures	(153,549)	(3,002)	(44,314)	(185,886)	(386,751)
Other Financing Sources (Uses)					
Transfers In	-	11,709	-	100,000	111,709
Transfers Out	(111,709)	-	-	-	(111,709)
Total Other Financing Sources (Uses), Net	(111,709)	11,709	-	100,000	-
Net Change in Fund Balances	(265,258)	(8,707)	(44,314)	(85,886)	(386,751)
Fund Balances, Beginning of Year	5,018,357	(8,707)	271,369	120,321	5,401,340
Fund Balances, End of Year	\$ 4,753,099	\$ -	\$ 227,055	\$ 34,435	\$ 5,014,589

The accompanying notes are an integral part of these financial statements.

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2013

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (386,751)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(33,998)
In the Statement of Activities, only the loss on the sale of the fixed assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Since no proceeds were received from the disposition, the change in net position differs from the change in fund balance by the loss on the sale of fixed assets.	(9,213)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(3,307)</u>
Change in Net Position of Governmental Activities	<u>\$ (433,269)</u>

The accompanying notes are an integral part of these financial statements.

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The basic financial statements of the Twenty-Second Judicial District Court (the Court) include the Judicial Expense General Fund, the Child Support Special Revenue Fund, the Adult Drug Court Program Special Revenue Fund, and the Juvenile Drug Court Program Special Revenue Fund. The Criminal Court Fund is included in the basic financial statements of St. Tammany Parish because the Parish is responsible for any deficiency in the fund.

Basis of Presentation

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial principles.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Court. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by the program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

Fund Financial Statements

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Court are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Court or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

**TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The Court reports the following major governmental funds:

Judicial Expense General Fund

The Judicial Expense Fund of the Court was established under the provisions of the Louisiana Legislative Act 553 in 1980. The Act specifies that the clerks of courts and the sheriffs of the Parishes of St. Tammany and Washington shall collect a fee, limited by laws as to the amount, for each civil suit and criminal case filed within the Court's jurisdiction. The clerks of court and the sheriffs of the Parishes of St. Tammany and Washington shall place all sums collected or received under this Act in a separate account to be designated as the Judicial Expense Fund for the Court in depositories to be designated by the Judges of the Court, en banc.

The Judges, en banc, shall have control over the fund and all disbursements made thereafter. They shall cause to be conducted annually an audit of the fund and the books and accounts relating thereto, and shall file the same with the Office of the Louisiana Legislative Auditor, where it shall be available for public inspection.

In general, the Judicial Expense Fund was established and may be used for any purpose or purposes connected with, incidental to, or related to the proper administration or function of the Court or the offices of the individual Judges and is in addition to any and all other funds, salaries, expenses, or other monies that are now or hereafter provided, authorized, or established by law for any of the aforementioned purposes. No salary shall be paid from the Judicial Expense Fund to any of the Judges of the Twenty-Second Judicial District Court, except as may be paid for administering the said funds, and then only after prior legislative approval.

Child Support Special Revenue Fund

The Child Support Fund of the Court was established under the provisions of Louisiana Revised Statute 46:236.5, effective January 1, 1989. Under this statute, the Court has implemented an expedited process for the establishment, modification, and enforcement of support obligations by authorizing and directing the Judge presiding over the Family Section (Child Support) of the Court to appoint one or more Hearing Officers, who shall serve at his pleasure, to hear support and support-related matters.

The fund is authorized to assess a fee of five (5) percent on all support obligations made executory on or after January 1, 1989, as a result of a hearing on a rule to enforce support.

**TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Adult Drug Court Program Special Revenue Fund

The Adult Drug Court Program Fund was established in 1999. The Adult Drug Court Program is designed to be a prosecution diversion program for nonviolent offenders of illegal drug possession. The Adult Drug Court program provides counseling to participants; however, the participants agree to random drug testing to monitor their use of illegal drugs.

Juvenile Drug Court Program Special Revenue Fund

The Court began administering funds for the Juvenile Drug Court in July 2003. This program is designed to implement the same policies as the Adult Drug Court Program, except that the targeted participants are juveniles. Funding for the Juvenile Drug Court Program Fund is provided through a grant passed through the Louisiana Commission on Law Enforcement, and a grant passed through the State Supreme Court.

Due to the significant decline in the client census of Juvenile Drug Court, the Court determined the continuation of the program, as previously operated, was not an effective or efficient use of grant funds. Effective January 1, 2013, the Court began a Family Preservation Court which is accounted for in the Juvenile Drug Court Program Fund. The grant funds passed through the State Supreme Court and the Louisiana Commission on Law Enforcement (LCLE) continued to be used, but for different purposes.

LCLE funds are used for juvenile delinquency court to address the needs of those juveniles who require more extensive supervision. The Court no longer provides substance abuse treatment, but referrals for such services are made when appropriate. The target population is broader than previously addressed and, as such, more juveniles will benefit. LCLE funds are used to pay for a compliance officer who supervises the juveniles, drug tests, and alcohol analyzer equipment and supplies.

State Supreme Court funds are used for a Family Preservation Court which is a subset of the Child in Need of Care (CINC) Court, as opposed to delinquency court. This court provides substance abuse treatment for those parents with addiction issues who have lost custody of their children in CINC Court and who are strongly motivated to have their children reunited with them. State Supreme Court funds are used to pay for substance abuse treatment, case management services, and, in some instances, drug testing.

**TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred.

Budget Policies

The Court has adopted annual budgets for its Judicial Expense Fund, Child Support Fund, Juvenile Drug Court Program Fund, and Adult Drug Court Program Fund on a basis consistent with generally accepted accounting principles for all governmental funds. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Court. Budgeted amounts in the accompanying financial statements include all amendments. The Court does not use encumbrance accounting. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

Cash, Cash Equivalents, and Investments

Cash includes all amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Court may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments (Continued)

Under state law, the Court may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Capital Assets

All capital assets of the Court are recorded at historical cost and are reported on the government-wide financial statements. Depreciation of all exhaustible capital assets is charged as an expense against their operations. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized over the remaining useful lives of the related capital assets, as applicable. It is the Court's policy to capitalize fixed assets over \$1,000. The following estimated useful lives and methods are used to compute depreciation:

Furniture, Fixtures, and Equipment	3 - 10 Years	Straight-Line
Improvements and Renovations	20 Years	Straight-Line

Depreciation expense amounted to \$59,683, for the year ended December 31, 2013.

Compensated Absences

The Judges of the Court establish vacation policies for their respective employees. All other employees generally earn vacation according to the following length of employment:

One Year of Employment	-	One Week Vacation
Two Years of Employment	-	Two Weeks Vacation
Five Years of Employment	-	Three Weeks Vacation
Ten Years of Employment	-	Four Weeks Vacation

The Court allows full time administrative personnel to carryover up to five days of their unused vacation time. Employees are allocated ten days of sick leave each year and are allowed to carry-forward unused sick leave days. Upon termination, unused vacation time is paid to all employees in good standing with the Court, but any remaining sick leave is forfeited. At December 31, 2013, the Court had accrued compensated absences payable of \$45,652, which has been reported on the statement of net position.

**TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation.
2. *Restricted* - this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - all other net position is reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

1. *Restricted Fund Balance* - consists of amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.
2. *Unassigned Fund Balance* - consists of all other amounts not included in spendable classifications.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Court's policy is to apply restricted net position first.

The Court considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Impact of Recently Issued Accounting Principles

The Court adopted GASB 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Adopting this GASB had no effect on the financial statements.

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana

Notes to Financial Statements

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents balances (book balances) at December 31, 2013:

Demand Deposits	<u>\$ 5,244,072</u>
Total Cash	<u>\$ 5,244,072</u>

These deposits are stated at cost, which approximates market.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be recovered. The Court does not have a deposit policy for custodial credit risk. As of December 31, 2013, \$5,215,639 of the Court's total bank balance of \$5,465,647 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank.

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent bank has failed to pay deposited funds upon demand.

Note 3. Receivables

The receivables at December 31, 2013, are summarized below:

Class of Receivable	Judicial Expense Fund	Juvenile Drug Court Program Fund	Child Support Fund	Adult Drug Court Program Fund	Total
Accounts Receivable	\$ 120,445	\$ -	\$ -	\$ -	\$ 120,445
Intergovernmental					
Grants	-	5,448	-	93,108	98,556
Court Costs and Fees	25,250	-	55,909	1,061	82,220
Total	<u>\$ 145,695</u>	<u>\$ 5,448</u>	<u>\$ 55,909</u>	<u>\$ 94,169</u>	<u>\$ 301,221</u>

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Computer Equipment	\$ 201,481	\$ 21,047	\$ (62,526)	\$ 160,002
Office Equipment	133,013	2,980	-	135,993
Furniture and Fixtures	47,476	1,658	-	49,134
Renovations	60,289	-	-	60,289
Total Capital Assets Being Depreciated	442,259	25,685	(62,526)	405,418
Less: Accumulated Depreciation				
Computer Equipment	(104,321)	(33,324)	53,313	(84,332)
Office Equipment	(97,431)	(18,264)	-	(115,695)
Furniture and Fixtures	(27,663)	(5,082)	-	(32,745)
Renovations	(30,143)	(3,013)	-	(33,156)
Total Accumulated Depreciation	(259,558)	(59,683)	53,313	(265,928)
Capital Assets, Net	\$ 182,701	\$ (33,998)	\$ (9,213)	\$ 139,490

Note 5. Restricted Fund Balances/Net Position

The balances of the restricted fund balance/net position accounts of the Court as of December 31, 2013, were as follows:

Restricted for Child Support Fund	\$ 227,055
Restricted for Adult Drug Court Program Fund	<u>34,435</u>
Total Restricted Fund Balances/Net Position	<u>\$ 261,490</u>

Note 6. Pension Plans

The employees of the Court belong to the Parochial Employees' Retirement System of Louisiana (the Plan). The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Contributions to the Plan are made by St. Tammany Parish and the Washington Parish Police Jury. The Court reimburses the Parish and the Police Jury for amounts in excess of what they are required to pay.

**TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana**

Notes to Financial Statements

Note 7. Commitments

As authorized by Louisiana Revised Statute 46:236.5, and as ordered by the Judges of the Court, the Child Support Fund is required to pay the Twenty-Second Judicial District Court Public Defender's Office \$6,250 per month. These payments shall continue until otherwise terminated by the Judges of the Court.

Note 8. Risk Management

The Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Court has obtained liability insurance for the Judges and Hearing Officers and other supporting staff, as well as for employee dishonesty. Losses associated with the destruction of or damage to assets are covered through St. Tammany Parish.

Note 9. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual balances due from/to other funds as of December 31, 2013, were as follows:

	Due From	Due To
Judicial Expense Fund		
Juvenile Drug Court Program Fund	\$ -	\$ 111
Child Support Fund	545	-
Adult Drug Court Program Fund	12,111	-
Juvenile Drug Court Program Fund		
Judicial Expense Fund	111	-
Child Support Fund	-	2,484
Adult Drug Court Program Fund	-	17,092
Child Support Fund		
Judicial Expense Fund	-	545
Juvenile Drug Court Program Fund	2,484	-
Adult Drug Court Program Fund		
Juvenile Drug Court Program Fund	17,092	12,111
Total All Funds	\$ 32,343	\$ 32,343

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana

Notes to Financial Statements

Note 10. Excess Expenditures Over Appropriations

During the year ended December 31, 2013, the Child Support Fund's actual expenditures of \$676,989 exceeded the budgeted expenditures \$664,000, resulting in an unfavorable variance of \$12,989.

REQUIRED SUPPLEMENTARY INFORMATION

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Judicial Expense General Fund
For the Year Ended December 31, 2013

	Budgetary Amounts		Actual -	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Favorable
				(Unfavorable)
Revenues				
Court Revenues				
Court Cost	\$ 93,000	\$ 108,000	\$ 107,911	\$ (89)
Civil Cases	140,000	125,000	118,958	(6,042)
Bail Bond Fees	80,000	78,000	79,462	1,462
Judicial Fees				
Probation Fees	900,000	790,000	789,992	(8)
Court Ordered Payments	75,000	78,000	80,669	2,669
Drug Screens	182,500	173,000	170,695	(2,305)
Other Revenues				
Other Revenues	115,794	119,794	118,884	(910)
Interest Earned	10,000	5,000	4,982	(18)
Total Revenues	1,596,294	1,476,794	1,471,553	(5,241)
Expenditures				
Public Safety - Court System				
Salaries and Related Benefits	1,002,600	832,800	853,872	(21,072)
Contractual Services				
Evaluation/Testing/Treatment	49,200	49,200	45,510	3,690
Deputy Detail	15,000	15,000	12,690	2,310
Youth Service Bureau/CASA	82,794	82,794	78,924	3,870
Drug Screens	85,000	87,000	77,159	9,841
Other	35,500	22,800	20,537	2,263
Insurance	19,000	34,000	31,555	2,445
Contract Labor	95,000	115,000	69,848	45,152
Legal and Professional Fees	209,000	114,750	106,276	8,474
Utilities	21,000	17,000	16,461	539
Court Reporters	40,000	30,000	25,767	4,233
Materials and Supplies	207,500	197,500	178,154	19,346
Lodging and Registration Fees	55,000	60,000	61,800	(1,800)
Capital Outlays	71,000	25,000	24,549	451
Intergovernmental Support	22,000	22,000	22,000	-
Total Expenditures	2,009,594	1,704,844	1,625,102	79,742
Deficiency of Revenues				
Over Expenditures	(413,300)	(228,050)	(153,549)	74,501
Other Financing Uses				
Transfers Out	-	-	(111,709)	(111,709)
Net Change in Fund Balance	\$ (413,300)	\$ (228,050)	(265,258)	\$ (37,208)
Fund Balance, Beginning of Year			5,018,357	
Fund Balance, End of Year			\$ 4,753,099	

See independent auditor's report.

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Juvenile Drug Court Program Special Revenue Fund
For the Year Ended December 31, 2013

	Budgetary Amounts		Actual -	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Favorable
				(Unfavorable)
Revenues				
Judicial Fees:				
Drug Screens	\$ -	\$ 889	\$ 913	\$ 24
Other Revenues				
State Grants	-	-	8,285	8,285
Federal Grants	166,412	43,425	32,901	(10,524)
Total Revenues	166,412	44,314	42,099	(2,215)
Expenditures				
Public Safety - Court System				
Salaries and Related Benefits	38,184	16,600	17,347	(747)
Contractual Services				
Evaluation/Testing/Treatment	123,224	22,825	22,418	407
Legal and Professional Fees	-	3,000	2,000	1,000
Materials and Supplies	2,832	-	-	-
Lodging and Registration Fees	2,172	3,286	3,336	(50)
Total Expenditures	166,412	45,711	45,101	610
Deficiency of Revenues				
Over Expenditures	-	(1,397)	(3,002)	(1,605)
Other Financing Sources				
Transfers In	-	-	11,709	11,709
Net Change in Fund Balance	\$ -	\$ (1,397)	8,707	\$ 10,104
Fund Balance, Beginning of Year			(8,707)	
Fund Balance, End of Year			\$ -	

See independent auditor's report.

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Child Support Special Revenue Fund
For the Year Ended December 31, 2013

	Budgetary Amounts		Actual -	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Favorable
				(Unfavorable)
Revenues				
Judicial Fees				
Court Ordered Payments	\$ 550,000	\$ 626,000	\$ 632,372	\$ 6,372
Other Revenues				
Interest Earned	500	500	303	(197)
Total Revenues	550,500	626,500	632,675	6,175
Expenditures				
Public Safety - Court System				
Salaries and Related Benefits	551,000	551,000	571,361	(20,361)
Contractual Services				
22nd JDC Public Defender	75,000	75,000	75,000	-
Other	5,600	6,700	5,853	847
Insurance	-	2,600	2,588	12
Contract Labor	4,000	4,000	1,746	2,254
Legal and Professional Fees	4,500	4,500	4,200	300
Court Reporters	1,000	1,000	-	1,000
Materials and Supplies	7,200	5,200	3,362	1,838
Lodging and Registration Fees	12,000	12,000	11,743	257
Capital Outlays	5,000	2,000	1,136	864
Total Expenditures	665,300	664,000	676,989	(12,989)
Net Change in Fund Balance	\$ (114,800)	\$ (37,500)	(44,314)	\$ (6,814)
Fund Balance, Beginning of Year			271,369	
Fund Balance, End of Year			\$ 227,055	

See independent auditor's report.

TWENTY-SECOND JUDICIAL DISTRICT COURT
Washington, St. Tammany Parishes, Louisiana
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Adult Drug Court Program Special Revenue Fund
For the Year Ended December 31, 2013

	Budgetary Amounts		Actual -	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Favorable
				(Unfavorable)
Revenues				
Court Revenues				
Court Cost	\$ 17,000	\$ 17,000	\$ 14,371	\$ (2,629)
Judicial Fees				
Drug Screens	260,000	230,000	211,999	(18,001)
Other Revenues				
State Grants	1,364,908	1,364,908	1,158,722	(206,186)
Federal Grants	-	-	178,274	178,274
Other Revenues	56,000	56,000	53,364	(2,636)
Interest Earned	500	500	201	(299)
Total Revenues	1,698,408	1,668,408	1,616,931	(51,477)
Expenditures				
Public Safety - Court System				
Salaries and Related Benefits	501,851	421,351	433,343	(11,992)
Contractual Services				
Evaluation/Testing/Treatment	1,158,000	1,188,000	1,159,269	28,731
Deputy Detail	54,000	49,000	45,006	3,994
Other	21,000	21,000	20,153	847
Rent	43,500	43,500	42,600	900
Insurance	10,000	10,000	7,915	2,085
Legal and Professional Fees	12,000	12,000	9,600	2,400
Utilities	21,960	21,960	21,865	95
Materials and Supplies	24,000	24,500	21,936	2,564
Lodging and Registration Fees	40,000	45,000	41,130	3,870
Capital Outlays	13,000	2,000	-	2,000
Total Expenditures	1,899,311	1,838,311	1,802,817	35,494
Deficiency of Revenues				
Over Expenditures	(200,903)	(169,903)	(185,886)	(15,983)
Other Financing Sources				
Transfers In	-	-	100,000	100,000
Net Change in Fund Balance	\$ (200,903)	\$ (169,903)	(85,886)	\$ 84,017
Fund Balance, Beginning of Year			120,321	
Fund Balance, End of Year			\$ 34,435	

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Chief Judge and Judges
of the Twenty-Second Judicial District Court
Washington, St. Tammany Parishes, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Twenty-Second Judicial District Court (the Court), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Twenty-Second Judicial District Court's basic financial statements, and have issued our report thereon dated May 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Twenty-Second Judicial District Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Twenty-Second Judicial District Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Twenty-Second Judicial District Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Twenty-Second Judicial District Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

Covington, LA
May 13, 2014